

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7745

BILL NUMBER: SB 509

NOTE PREPARED: Feb 28, 2003

BILL AMENDED: Feb 27, 2003

SUBJECT: Mandated Health Coverage Evaluation.

FIRST AUTHOR: Sen. Ford

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill requires an accident and sickness insurer and a health maintenance organization to provide to the Department of Insurance certain information related to the implementation of a mandated benefit and requires the Department to analyze the information and report the results of the analysis to the Legislative Council.

In addition, this bill allows an accident and sickness insurer and a health maintenance organization to provide to the Department certain information related to a mandated benefit proposal, and requires the Department to analyze the information and report the results of the analysis to the legislative committee considering the proposal.

Effective Date: (Amended) July 1, 2004.

Summary of Net State Impact: (Revised) The Department of Insurance indicates that they will need to hire one FTE at a cost of \$46,789 for FY 2004 and \$46,790 for FY 2005.

Explanation of State Expenditures: (Revised) This bill requires accident and sickness insurers and health maintenance organizations to submit to the Department information regarding the effect of mandated benefits on rates, and allows for the submittal of information regarding proposed legislative health insurance mandates.

The Department states that it would need to develop a new reporting form and hire a rate analyst in order to comply with this legislation. The cost of adding a rate analyst is estimated to be \$46,789 for FY 2004 and \$46,790 for FY 2005. The funds and resources required above could be supplied through a variety of sources,

including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations.

Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions. The Department also indicated that they could potentially contract the analysis to an outside provider. The Department could not estimate whether this would result in cost savings or increased cost. The Department could develop the new form internally, given current staff and resources, at no additional cost.

Background: The Department of Insurance currently reviews health insurance rate filings, including policies of accident and sickness insurance and health maintenance organizations. The Department of Insurance currently has one FTE dedicated to reviewing health insurance rate filings. The Department also contracts with actuarial consultants for review of filings.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources: Greg Thomas, Chief Deputy Commissioner, Department of Insurance, 317-232-2406.

Fiscal Analyst: Mike Molnar, 317-232-9559